

U.S. Agency for International Development

Report on Results of Investments to Support Micro-, Small, and Medium-Sized Enterprises during Fiscal Year (FY) 2019

Overview

Pursuant to the requirements of Section 258(b) of the Foreign Assistance Act (FAA) of 1961 (Public Law [P.L.] 87-195), as amended by Section 4 of the Women's Entrepreneurship and Economic Empowerment Act (WEEE) of 2018 (P.L. 115-428), the U.S. Agency for International Development (USAID) submits this report to Congress to summarize our activities to support micro-, small, and medium-sized enterprises (MSMEs) during Fiscal Year (FY) 2019 and the corresponding results reported during that same period (October 1, 2018, to September 30, 2019).

This is USAID's first annual report on activities to support MSMEs since the enactment of the WEEE Act. The WEEE Act explicitly expands activities covered by this report beyond microenterprises to include small and medium-sized enterprises and promotes the economic empowerment of women, including support for increasing access to financial resources, improving property and inheritance rights, and promoting other legal protections for women. Recognizing that a significant expansion of monitoring and the collection of data to cover this expanded mandate requires new systems and programs to take into account evolving evidence and metrics, Section 4 of the WEEE Act provides that, "to the extent practicable [the report] should contain" information on the following elements:

- 1) The amount of grant or other form of assistance (for MSME development), the name and type of each intermediary and implementing partner organization that is receiving assistance, the name of each country that is receiving assistance, and the methodology used to ensure compliance with the targeted assistance requirements;
- 2) The percentage of MSME assistance disaggregated by income level, including for the very poor, and by gender;
- 3) The estimated number of individuals who received assistance disaggregated by income level (or an appropriate proxy for income level, including for the very poor), gender, and type of assistance;
- 4) The results of the monitoring system set up to measure progress on activities to support MSME; and
- 5) Information about any method in place to assess the poverty levels of recipients of MSME assistance.

Section 253 of the FAA, as amended by the WEEE Act, further provides, “The monitoring system shall incorporate Agency planning and reporting processes and indicators to measure or assess the achievement of the performance goals.” To produce this report for FY 2019, USAID conducted a review of the Performance Plan and Report (PPR) for FY 2019, which identified 48 USAID Missions and other operating units (OUs) that funded activities to support MSMEs to some extent during the Fiscal Year. The Agency compiled custom survey results by using data from the 18 OUs that provided activity-level performance information, supplemented by aggregate-level data from the additional 20 OUs. OUs used estimates in areas where data were incomplete, which the report notes.

Going forward, USAID will continue to update and refine our existing monitoring systems and processes for planning and the reporting metrics for our activities to support MSMEs. As existing activities funded by Missions and other OUs end and new programs and awards begin, the monitoring system and reporting will comport to the new elements mandated by the WEEE Act. We will incorporate the results of these ongoing efforts into our report for FY 2020, and, as a result, we should be able to provide a deeper and wider view of our programming to support MSMEs and strengthen our capacity to target our assistance.

Results for FY 2019

USAID has organized the following data from FY 2019 according to the elements established by Section 258 of the WEEE Act.

ELEMENT 1: INFORMATION ON ASSISTANCE PROVIDED UNDER SECTION 252 OF THE WEEE ACT

USAID obligated more than \$144 million for activities to support MSMEs in FY 2019.

- Sub-Element 1a: The amount of each grant or other form of assistance;**
- Sub-Element 1b: The name and type of each intermediary and implementing partner organization that is receiving assistance; and**
- Sub-Element 1c: The name of each country that is receiving assistance.**

The table in Annex A provides an OU-level breakdown of the totals under these sub-elements, identified by country, name of the activity, name of the implementing partner, and the total amount obligated in FY 2019 across all forms of assistance.

In addition to the activities identified in Annex A, USAID continued to provide support to MSMEs via credit guarantees under the Development Credit Authority (DCA), which has moved to the U.S. International Development Finance Corporation (DFC) at the beginning of FY 2020. In FY 2019, the Agency reported 4,205 existing loans to women borrowers under existing guarantees to MSMEs, which totaled \$47.6 million. In that same reporting year (FY2019) the Agency also obligated funds for 18 new guarantees to support women borrowers. These guarantees will

mobilize up to \$533.2 million in private capital for MSMEs, from which USAID expects to mobilize \$121.6 million for 9,774 women borrowers.

Going forward, USAID will continue to work through the DFC to use credit guarantees and other financing tools to fund activities to support MSMEs.

Sub-Element 1d: The methodology used to ensure compliance with the targeted assistance requirements

The WEEE Act directs that the U.S. Government shall target 50 percent of all resources for MSMEs to reach the very poor and shall target 50 percent of resources for small and medium-sized enterprises to activities that reach enterprises owned, managed, and controlled by women. To determine these percentages, USAID sent a direct survey to our OUs to report on their spending to support MSMEs in FY 2019. As noted in the Administration's progress report on the implementation of the WEEE Act,¹ USAID is improving our systems to capture better the extent of our work on behalf of both directives in future annual reports.

ELEMENT 2: PERCENTAGE OF ASSISTANCE, DISAGGREGATED BY GENDER AND INCOME LEVEL

USAID's OUs indicated in the survey that they targeted 85.1 percent of their funds obligated for activities to support MSMEs in FY 2019 to projects that target women, and 28.5 percent to projects that serve the very poor. These figures add up to more than 100 percent because some projects there is overlap because some women are very poor

ELEMENT 3: ESTIMATED NUMBER OF INDIVIDUALS THAT RECEIVED ASSISTANCE, DISAGGREGATED BY INCOME LEVEL, GENDER, AND TYPE OF ASSISTANCE

The survey results revealed that USAID's assistance in FY 2019 reached 434,857 MSMEs, of which an estimated 43 percent were women-owned or jointly-owned. Our Missions and OUs also reported on the number of very poor people reached through activities to support MSMEs. Our activities reached 341,678 very poor people through graduation approaches, and nearly 71 percent of whom were women. Almost 43 percent of reported activities included additional components that promoted the economic empowerment of women through improving property rights and other legal protections.

Most USAID-funded programs to support MSMEs were multi-dimensional, because they simultaneously addressed more than one aspect of the WEEE Act, including: enterprise-development (85 percent of programs), improved access to finance (56 percent), the empowerment of women (43 percent), improving the environment for MSMEs (31 percent), and capacity-building of financial intermediaries (31 percent).

¹ https://www.usaid.gov/sites/default/files/documents/1869/USAID_Report_Congress_WEEE_Act_FY2019.pdf

Several challenges exist with the indicators for reporting on earnings and control over income, which makes reporting on income levels difficult. For beneficiaries of USAID-funded programs, earnings often vary depending on the time of year or, in some cases, day of the week. Conflating multiple income sources and a desire by reportees to impress the person who is administering the survey also can inflate reporting on earnings; reportees also can deflate the figures in the survey if they believe that providing a lower number would be beneficial. Control over income can be complicated further because of household dynamics, as well as perceived and actual dynamics between the person asking and the person being asked (e.g., sex, tribe, origin), potentially influenced by who might overhear the conversation. Given the variability of such potential indicators, which significantly weakens their reliability, and the relatively high costs to collect such data, USAID believes that going forward it would not be practicable to incorporate these indicators into its Agency-wide reporting on activities to support MSMEs, which is the statutory threshold for the consideration of new indicators under the WEEE Act.

ELEMENT 4: MEASURING PROGRESS ON MSME ACTIVITIES

USAID’s existing data-collection systems, as embodied in existing contracts with different implementing partners, for example, do not yet capture the breadth of work in these new areas; thus the Agency is presenting what we collected via a survey of our OUs that indicated they supported MSMEs through their programs in FY 2019. Data from the survey appear in Table 1 below.²

Table 1: Results from the U.S. Agency for International Development Monitoring System on Activities to Support Micro-, Small, and Medium-Sized Enterprises (MSMEs)

Indicator	Total	Women-Owned/ Women	Men-Owned/ Men
Number of jobs created (estimated)	111,240	47,833	63,407
Number of MSMEs with improved access to finance	302,721	130,170	172,551
Number of MSMEs that are participating in training and capacity-building	71,869	30,904	40,965
Number of specific pieces of land-tenure and property-rights legislation or implementing regulations proposed, adopted, and/or implemented that positively affect property rights of the urban and/or rural poor as a result of U.S. Government (USG) assistance (captured outside of USAID’s FY 2019 survey in the data call for the annual Performance Plan and Report [PPR])	38	n/a	n/a

² Not every USAID OU was able to respond comprehensively to the expanded types of data sets called for by the WEEE Act, which the Congress passed and the President signed in mid-FY 2019. The survey results provided here represent the best data practicably available as determined by our OUs.

Number of adults provided with legally recognized and documented tenure rights to land or marine areas as a result of USG assistance (captured outside of USAID's FY 2019 survey)	8,157 ³	1,916	2,191
Number of Very Poor People Reached	341,678	242,591	99,087

As noted, USAID is developing new indicators and plans to amend existing indicators to capture better improvements in employment, access to financial services, training, enterprise-development, and property and land rights.

ELEMENT 5: INFORMATION ON POVERTY-ASSESSMENT METHODOLOGIES

USAID is currently updating our guidance on poverty-assessment methodologies in conjunction with the Office of Foreign Assistance at the U.S. Department of State, and has commissioned an analysis of existing tools and methodologies that will inform revisions to the Agency's policy and guidance. Work has already commenced to update our policy and research⁴ on poverty. USAID expects to complete this policy and poverty-assessment methodologies in FY 2021. Activities covered in this report used data gathered through a variety of poverty-assessment methodologies, including assessments of household vulnerabilities, the Poverty-Assessment Tool Plus, Feed the Future's Living-Standards Measurement Survey, national data on the prevalence and depth of poverty, and proxies such as the size of a farm.

Annex B contains examples of results achieved through USAID's activities to support MSMEs in FY 2019, along with descriptions of new programs designed to address the provisions of the WEEE Act that concern MSMEs.

³ Not all activities provided a disaggregation.

⁴ <https://www.marketlinks.org/post/report-microenterprise-and-pathways-out-poverty>

Annex A: U.S. Agency for International Development (USAID)
Survey of Results Under the Women's Entrepreneurship and
Economic Empowerment (WEEE) Act for Fiscal Year (FY) 2019

<u>USAID Operating Unit</u>	<u>Total Micro-, Small, and Medium -Sized Enterprises¹</u>	<u>Total Graduation Approach Beneficiaries²</u>	<u>Funds Obligated³</u>	<u>Funds Disbursed⁴</u>	<u>Activity Targeted Women⁵</u>	<u>Activity Targeted the Very Poor⁶</u>
Republic of Armenia	NR	NR				
<u>Rural Economic Development - New Economic Opportunities</u>			<u>\$1,500,000</u>	<u>\$130,717</u>	<u>Yes</u>	<u>NR</u>
Republic of Azerbaijan	895	NR				
<u>Agricultural Support to Azerbaijan Project (ASAP)</u>			<u>\$0</u>	<u>\$2,668,453</u>	<u>No</u>	<u>NR</u>
<u>Economic Empowerment for Entrepreneurship and Employment Project</u>			<u>\$400,000</u>	<u>\$242,705</u>	<u>Yes</u>	<u>NR</u>
Republic of Belarus	308	NR				
<u>Delivering Regional Instruction Vital to Entrepreneurial Success Belarus (DRIVES)</u>			<u>\$231,000</u>	<u>\$329,157</u>	<u>Yes</u>	<u>NR</u>
Bosnia and Herzegovina	575	801				
<u>Agribusiness Development Activity</u>			<u>\$0</u>	<u>\$172,756</u>	<u>Yes</u>	<u>NR</u>
<u>Fostering Agricultural Markets Activity (FARMA) II</u>			<u>\$1,729,335</u>	<u>\$2,505,971</u>	<u>Yes</u>	<u>NR</u>
<u>Diaspora Invest</u>			<u>\$1,019,968</u>	<u>\$1,485,740</u>	<u>Yes</u>	<u>NR</u>

Workforce and Higher Access to Markets Activity in Bosnia-Herzegovina (WHAM)			<u>\$1,261,267</u>	<u>\$1,618,641</u>	<u>Yes</u>	<u>NR</u>
Burma	77,806	181,173				
Value-Chains for Rural Development			<u>\$0</u>	<u>\$4,106,885</u>	<u>No</u>	<u>NR</u>
Livelihoods and Food Security Fund (LIFT)			<u>\$2,994,000</u>	<u>\$2,994,000</u>	<u>No</u>	<u>NR</u>
Development Credit Authority (DCA)			<u>\$0</u>	<u>NR</u>	<u>No</u>	<u>NR</u>
Republic of Colombia	229,528	49,211				
Emprendimientos Productivos para la Paz (EMPROPAZ)			<u>\$2,700,000</u>	<u>\$469,739</u>	<u>Yes</u>	<u>NR</u>
Inclusion for Peace (IPA)			<u>\$15,495,310</u>	<u>\$6,400,000</u>	<u>No</u>	<u>NR</u>
Rural Finance Initiative			<u>\$3,967,217</u>	<u>\$5,978,236</u>	<u>Yes</u>	<u>NR</u>
Producers to Markets Alliance			<u>\$19,493,962</u>	<u>\$16,963,816</u>	<u>Yes</u>	<u>Yes</u>
Community Development and Licit Opportunities			<u>\$12,056,963</u>	<u>\$10,477,145</u>	<u>Yes</u>	<u>Yes</u>
Arab Republic of Egypt	15,018	335				
Feed the Future-Egypt Rural Agribusiness Strengthening (ERAS) Project			<u>\$0</u>	<u>\$2,835,611</u>	<u>Yes</u>	<u>Yes</u>
Strengthening Entrepreneurship and Enterprise Development (SEED)			<u>\$4,874,670</u>	<u>\$4,753,699</u>	<u>Yes</u>	<u>NR</u>

Republic of El Salvador	4,897	NR				
<i>No activities with FY2019 obligations reported</i>						
Georgia	18,014	244				
USAID's Agriculture Program			\$4,909,850	\$2,222,053	Yes	NR
USAID's Economic Security Program			\$4,973,616	\$799,301	Yes	NR
USAID Integrated Pest-Management (IPM) in Abkhazia			\$830,000	\$0	Yes	NR
Supporting Youth and Women Entrepreneurship			\$0	\$143,459	Yes	NR
Georgia Hazelnut Improvement Program			\$999,999	\$927,460	Yes	NR
The Zrda Activity			\$8,533,722	\$5,529,104	Yes	NR
Waste-Management in Targeted Regions (WMTR), Phase 2			\$740,000	\$987,024	Yes	NR
Republic of Ghana	0	0				
Northern Ghana Governance (NGG)			\$4,700,000	\$2,044,809	Yes	Yes
Republic of Guatemala	354	0				
Creating Economic Opportunities			\$4,956,794	\$2,944,499	Yes	NR
Feed the Future Guatemala Coffee Value-Chains			\$9,301,975	\$3689,485	Yes	NR
Hashemite Kingdom of Jordan	7,842	NR				

<u>Jordan Competitiveness Program</u>			\$0	\$5,729,478	No	NR
<u>Local-Enterprise Support Activity</u>			\$0	\$16,300,538	Yes	NR
<u>Jordan Loan-Guarantee Facility</u>			\$0	\$1,923,813	Yes	NR
<u>Building Economic Sustainability through Tourism</u>			\$0	\$7,990,234	Yes	NR
Kyrgyz Republic	6	25,000				
<u>USAID Agro-Horizon Project</u>			\$0	\$2,658,445	Yes	Yes
Republic of Mali	955	NR				
<u>Livestock for Growth (L4G)</u>			\$2,400,000	\$2,978,013	Yes	NR
<u>Finance for Food Security and Women Entrepreneurs (FFSWE)</u>			\$574,605	\$630,091	Yes	NR
<u>Scaling-up Resilience-Smart Agroforestry Technologies for Improved Market Access, Food and Nutritional Security in Mali (SmAT-Scaling)</u>			\$0	NR	Yes	NR
Republic of Sénégal	2,632	17,724				
<i>No activities with FY2019 obligations reported</i>						
Democratic Socialist Republic of Sri Lanka	31	NR				
<u>VEGA/BIZ+</u>			\$0	NR	Yes	NR

Republic of Uganda		25,454	NR				
Feed the Future Producer Organizations			<u>\$500,000</u>	<u>\$1,689,875</u>	<u>Yes</u>	<u>NR</u>	
Feed the Future Youth Leadership for Agriculture Activity			<u>\$3,196,575</u>	<u>\$4,341,741</u>	<u>Yes</u>	<u>NR</u>	
USAID's Power Africa Uganda Electricity Supply Accelerator (PAUESA)			<u>\$5,010,635</u>	<u>\$5,257,387</u>	<u>Yes</u>	<u>NR</u>	
Republic of Ethiopia		46,670	NR				
Feed the Future Ethiopia Value-Chain Activity			<u>\$14,518,372</u>	<u>\$11,406,502</u>	<u>Yes</u>	<u>NR</u>	
USAID Sahel Regional Program		3,699	0				
Resilience and Economic Growth in the Sahel - Accelerated Growth (REGIS-AG)			<u>\$5,891,217</u>	<u>\$8,006,819</u>	<u>Yes</u>	<u>NR</u>	
USAID West Africa Regional Program		173	67,991				
West Africa Sanitation Service-Delivery			<u>\$3,141,719</u>	<u>\$3,657,390</u>	<u>No</u>	<u>Yes</u>	
Sustainable Shea Initiative			<u>\$1,870,447</u>	<u>\$1,162,820</u>	<u>Yes</u>	<u>Yes</u>	
<u>TOTAL</u>		<u>434,857</u>	<u>341,678</u>	<u>\$144,271,821</u>	<u>\$157,153,611</u>		

¹ Survey question: "In FY2019, how many MSMEs did your OU's activities support?"

² Survey prompt: "Number of individuals benefited from activities that included graduation approaches" from Section 252(a)(6) of the WEEE Act: "assistance for the purpose of scaling up evidence-based graduation approaches, which include targeting the very poor and households in ultra-poverty, consumption support, promotion of savings, financial literacy, skills training, and asset transfers."

³ Survey prompt: "MSME Funds Obligated in FY 2019." Activities with \$0 in obligations from FY 2019 are ongoing projects that received no new funding in FY 2019. These activities disbursed only funds obligated in previous Fiscal Years.

⁴ Source: USAID financial data.

⁵ Survey question: "Does this activity target women?"

⁶ Survey question: "Did this activity use evidence-based graduation approaches that target the very poor?"

ANNEX B: Illustrative Programming Funded by the U.S. Agency for International Development (USAID) to Support Micro-, Small, and Medium-Sized Enterprises (MSMEs) in Fiscal Year (FY) 2019

USAID's Programs to Support MSMEs in FY 2019

- The [Global Shea Alliance](#), a non-profit industry association with 500 members from 35 countries that includes women's groups, brands and retailers, suppliers, and non-governmental organizations (NGOs), trains and organizes women collectors into formally registered and structured cooperatives and provides direct linkages to private buyers. Across West Africa, the collection of shea and the processing of its kernels is a key source of income for women, either individually or as part of informal groups within their villages. These informal groups have not been effective in building direct relationships with major buyers or expanding the sectors for shea inputs (from cooking oil to food and cosmetic-input industries), which limited competition and buyers and led to reduced earnings. With USAID's help, in FY 2019 alone, 67,935 women formed 96 new cooperatives with formal structures and registered them with local government agencies. Buyers were able to provide 80 percent of the financing needed and worked directly with women's cooperatives, which eliminated the need to work through intermediaries.
- USAID designed our [Producers to Markets Alliance \(PMA\) Program](#) in the Republic of Colombia to improve economic opportunities in conflict-affected areas, which are key to achieving peace. PMA supports this objective by improving the capacity of rural producers and enterprises in selected areas affected by conflict to respond to the quality standards and volume requirements of licit markets. The Alliance helps close business deals between producers and buyers to increase incomes and employment opportunities for smallholder farmers, including women heads of household and members of minority ethnic groups. Implemented by [Fintrac, Inc.](#), PMA will run from March 2017 to March 2022 in priority municipalities in the Departments of Antioquia, Bolívar, Caquetá, Cauca, Córdoba, Meta, Nariño, and Valle del Cauca.

As one example of the program's work, Lorena Fuentes was one of the 13 technicians trained by the [Coffee Quality Institute](#) (CQI) to improve the quality of the coffee harvest at the farm level. She learned about selecting coffee cherries during and after harvest, and pulping, fermentation, and drying practices that are critical in attaining the high "cupping score" buyers seek when purchasing specialty coffee. To date, she has trained 166 producers, including María Antonia Cepeda Cruz, who farms two hectares of coffee. Prior to undergoing the training, Ms. Cruz harvested 1,500 kilograms of coffee with a cupping score of 72 points—well below the 80 points required to qualify as specialty coffee, and received a sales price of \$1.89 per kilogram. In her most recent harvest, her production increased by 83 percent to 2,750 kilograms, and her coffee attained a

cupping score of 85 points, which enabled her to sell at a premium price of \$4.67 per kilogram, which increased her income by more than 400 percent.

- The global [Partnering to Accelerate Entrepreneurship Initiative](#) (PACE) aims to catalyze private-sector investment into early-stage enterprises and identify innovative models or approaches that help entrepreneurs bridge the pioneer gap—thus unlocking the potential of thousands of promising enterprises around the world.

In the Republic of Burkina Faso, 30 percent of women do not have access to the necessary products for menstrual hygiene management (MHM) to ensure good hygiene during their periods. As one example of PACE's work, Emilie Kyendrebeogo, a 42-year-old Burkinabe woman, created [Palobdé Services](#) in 2018 to break the taboo around menstruation and contribute to a wider dissemination of affordable, clean, and safe sanitary napkins made of local fabrics. In the Mooré language, "Palobdé" means, "I don't throw them away." Through PACE partners [Investisseurs & Partenaires](#) (I&P), an impact-investment group dedicated to small and medium-sized enterprises based in Sub-Saharan Africa and in the Indian Ocean, and the local *Sinergi* business incubator in Burkina Faso, *Palobdé* received technical assistance and seed funding of \$27,000 as an interest-free, collateral-free loan to increase its production capacity and provide working capital. Thus far, the results have been a 400-percent increase in the company's revenue and the creation of 17 new jobs.

New Programs to Support MSMEs in FY 2020

- The USAID-funded INVEST project, managed by [Development Alternatives Incorporated](#), works to drive private capital to emerging markets and has a robust portfolio that uses blended finance to support women's economic empowerment. The project not only provides women-owned MSMEs with finance and technical assistance, it helps investors and portfolio companies become more gender-smart in the supply-chains, distribution channels, human resources, sales, marketing, leadership, and governance. In FY 2020, USAID issued nine new awards in its INVEST gender-smart-investing portfolio under a common learning agenda: that being gender-smart leads to higher profits and return on investment. The [Women's Global Development and Prosperity Initiative \(W-GDP\) Fund](#) at USAID financed seven of the nine new awards.
- The [Leveraging Land in Haïti Project](#), awarded in 2019 to LandLinks, will use technology and data, community-mapping, and interactive training to strengthen land-rights administration and land-tenure security. This project will address the challenges of the country's complex and ambiguous land-management system that hampers growth and limits access to basic social services. The project uses a three-pronged approach: 1) training government officials, community leaders, and development practitioners on the management of land; 2) conducting participatory mapping of land parcels in three municipalities, which will increase tenure security for 12,000 families; and, 3) raising public awareness about the importance of land tenure via media campaigns. The

project will also assess effects of improved tenure security on conflict-resolution and the mobilization of domestic resources.

- [#SheMeansBusiness](#), started by Facebook in 2016, celebrates and empowers women entrepreneurs across the globe. In the Kingdom of Cambodia, USAID supports #SheMeansBusiness through the [Women Entrepreneur Act Project](#), managed by Pact. The partnership between Facebook, USAID, and Pact will provide 1,700 Cambodian women entrepreneurs with digital-marketing skills, and has begun virtual training sessions in Phnom Penh. #SheMeansBusiness will empower women entrepreneurs across the country to grow their businesses by taking advantage of Cambodia's burgeoning digital economy. Through a series of workshops, training sessions, and online resources, #SheMeansBusiness will arm Cambodian women entrepreneurs with the knowledge, connections, skills, and technology required to build and grow their businesses online. This training will also enable many women entrepreneurs to shift their businesses online in response to the pandemic of COVID-19.